

# *ENERGIZING THE AMERICAS: A BLUEPRINT FOR US FOREIGN POLICY*



*A brief by*  
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## INTRODUCTION

Energy security is a widely debated concept, with important distinctions and meanings across the globe. Indeed, the degree of contingency attached to any notion of energy security presents a formidable challenge to analysts and policymakers. Amidst a world in geopolitical conflict, conceptual reassessments of regional energy security must account for a [fragmenting](#) global policy environment, additionally underscore the [plausible](#) negative repercussions from [severe](#) vulnerability to climate change. As Jason Bordoff and Meghan O'Sullivan suggest, we are [entering](#) an "age of energy insecurity" where a lack of governmental coordination will widen the gap between the developed world and less industrialized nations. Ultimately, pragmatic policymaking and proactive international coalitions will determine the feasibility of the energy transition—as [proposed](#) by the International Energy Agency (IEA).

Complicating matters further, the renewable energy boom is poised to transform energy trade dynamics, regionalization patterns, and decentralization efforts. The green energy transition presents [acute](#) risks that must be mitigated, as well as key opportunities for Latin America and Caribbean (LAC) countries. The region [faces](#) an immense opportunity to be a decarbonization linchpin. But without US leadership across the hemisphere and a more focused strategy vis-à-vis cash strapped economies and limited governmental capabilities, these opportunities might not be fully realized. Energy policy planning must account for the entire impact of the global transition, which extends far beyond countries' national borders and replacing dirty energy sources. Coordinated planning between physical, natural, and social infrastructure is [critical](#) for achieving deep emissions reductions.



## The Americas Partnership for Economic Prosperity: Potential and Pitfalls



APEP leaders hosted by President Biden. Nov. 2023

A relevant recent strategic initiative to enhance cooperation across the Americas is the Americas Partnership for Economic Prosperity (APEP), [announced](#) by President Biden two years ago in June at the Summit of the Americas in Los Angeles. The initiative aims to foster economic integration, promote the sustainable development of supply chains, and deepen regional trade and investment. APEP is a step in the

right direction, though its expansive framework and elusive goals risk [undermining](#) effective, actionable cooperation.

The [introduction](#) of the Americas Trade and Investment Act (Americas Act) in March of this year, as part of APEP, [illustrates](#) the commitment from U.S. members of congress towards institutionalizing such partnerships. The bill [proposes](#) expanding the United States-Mexico-Canada Agreement (USMCA) to other countries in the region, in addition to undertaking substantive trade tariff reform. However, this approach [sheds light](#) on the Biden administration's fragile strategy of "[minilateralism](#)"—or the creation of smaller coalitions of international collaboration within regions. More importantly, the approach highlights APEP's [limited ability](#) to enhance LAC's geopolitical relevance. Indeed, the broad scope of these efforts will likely fail to build a cohesive coalition of governments capable of collaborating across a set of critical issues at the nexus of energy security. This paradox underscores the challenge of balancing broad initiatives with the need for targeted, strategic engagement, which positively appears to be resonating in Washington.

### Strategic Energy Policy Cooperation

In February, while in Argentina, US Secretary of State, Antony Blinken [proposed](#) a hemispheric high-level energy security dialogue, a crucial step forward. Additional efforts by authorities from both nations [aiming](#) to "re-establish" a High-Level Strategic Dialogue underscore a relevant opportunity to deepen engagement. More specifically, strategic energy policy cooperation should serve as bedrock for US engagement across the Western Hemisphere. Interpretations of the fundamentals of energy security can lead to a politicized concept laden with ideological implications; thus, policy prescriptions must transcend market mechanisms, notwithstanding the vital role the private sector must play to allow for these processes to unravel.

But make no mistake, the energy security agenda [presents](#) a unique opportunity to institutionalize coordination, enhance nearshoring, and facilitate industries' transition to a cleaner future, irrespective of the outcomes from the myriad elections across the hemisphere, most notably in Mexico and the United States. In view of [escalating](#) climate change risks, energy policy cannot become yet another unfulfilled opportunity for a more impactful role for cooperation between the United States and its partners in the region. LAC's energy infrastructure remains fragile and subject to overt-centralized authority; critically countries [remain](#) import-dependent for new technologies from [more advanced](#) markets like China. Regrettably, millions across the region—lacking access to electricity—still experience acute energy poverty. And yet, notwithstanding relevant drawbacks, the hemisphere remains full of promise.

The United States can assist Mexico and Colombia in carving [more sustainable](#) pathways—which must account for natural gas potential—in a wider effort to enable [ally-shoring](#). With the help of multilateral organizations, US-led financial institutions could incentivize Amazon countries like Guyana, the [fastest-growing](#) economy in the region, Ecuador, and Brazil to forge "[National Carbon Federations](#)." Further, increased scrutiny on critical issues [at the nexus](#) of climate change policy, such as illegal mining deforestation, methane emissions reduction, and hydrogen industrial innovation could improve climate disaster resilience and environmental conservation. These outlined measures could help alleviate the future [implications](#) of dwindling investment into Latin American oil markets.

### Leveraging Regional Strengths and Addressing Challenges

Certain countries, such as Brazil, Chile, Paraguay, and Suriname [exhibit](#) relevant competitive advantages in achieving Net-Zero goals by 2050. US policymakers must leverage these countries' potential to address evolving global threats. In parallel, salient organizations and regional governments need to be incentivized to identify and manage risks stemming from a "[disorderly](#)" energy transition. Amid intensifying US-China economic confrontation and "[de-risking](#)" strategies, US policy in Latin America [would benefit](#) from a more firm commitment to the energy transition—and, [by extension](#), energy security. Strategic multilateral engagement [could](#) also reduce country dependence on distant suppliers, enhancing energy resilience.



Unleashing the full potential of nearshoring [will not be](#) easy. Even if Latin America offers "the best hope the United States has to diversify and relocate its vulnerable and highly



consequential supply chains," as [suggested](#) by Shannon O'Neil, there is little political appetite for new trade agreements in the US. Also important, government pragmatists in Brasília, Georgetown, or Santiago have [mixed](#) feelings about what [aligning](#) with the United States entails—often dubious about the motivations for renewed engagement.

### Balancing Pragmatism and Engagement

LAC countries, burdened by slow growth and cash-strapped bureaucracies, often [exercise](#) geopolitical non-alignment, [turning](#) to China out of economic pragmatism rather than ideology. However, regional powers like Brazil and Argentina have developed close ties with China partly due to [widespread](#) perceptions of disregard by Western powers. These shifts are part of a broader trend where "emerging powers" in the Global South are [increasingly](#) testing the global financial architecture. By the same token, Argentina's [dynamic](#) geopolitical realignment towards the West should be acknowledged by U.S. authorities through the provision of capital and finance mechanisms across all segments of the critical minerals and battery storage value chain, [including](#) research and development.

Nations across the Americas increasingly run the risk of veering too far toward [protectionism](#). In some cases, as seen in Mexico under President López Obrador, "[energy sovereignty](#)" policies diminish potential for integration while limiting ventures to expand [much needed](#) electricity transmission infrastructure. US leadership could [counter](#) these nationalist impulses—which, to be sure, are also [present](#) domestically—by fostering robust technological and supply chain cooperation.

### Conclusion: Innovation and Future Prospects

To address unprecedented environmental and social challenges, it is [crucial](#) to prioritize governance experimentation [through innovation](#) and the development of technological infrastructure. As major economies [seek](#) to shield themselves, strategic energy integration should ascend on the US national security agenda, involving public-private partnerships across the hemisphere. Indeed, the private sector's inclusion will be instrumental in promoting regulatory convergence and more transparency.

Against the backdrop of significant industrial [expenditures](#) and looming geopolitical [challenges](#), US foreign policy frameworks can better encompass LAC and serve to boost the region's cooperation. Engagement to attend the world's most pressing challenges—and its successes—would aid policy efforts seeking to fight growing isolationism and [surging](#) transnational corruption schemes. Emerging energy and climate insecurity will determine the Western Hemisphere's business risks. This time, US institutions [must demonstrate](#) that shared prosperity transcends short-term balancing acts.

Into the future, innovation and industrial dynamism will prove vital for tackling decarbonization. Integrating automation and artificial intelligence to [develop](#) more robust technological solutions will define the region's diplomatic punch. [Semiconductor chips](#) and [battery markets](#) stand as two key areas where countries in the region can leapfrog in terms of domestic productivity and manufacturing capabilities.

There is a longstanding critique of benign neglect to describe how policymakers and officials in Washington engage with LAC. The criticism is not particularly fair. But what bears underscoring is that in an era defined by geopolitical conflict and climate change vulnerabilities, energy security stands as a key challenge. This challenge also affords Washington the opportunity to provide strategic leadership to navigate evolving energy trade dynamics and the transition towards cleaner sources. Now more than ever, strategic energy policy cooperation is imperative for US engagement across the Americas.



## About the Authors



**Leonardo Beltrán Rodríguez** served as Deputy Secretary for Planning and Energy Transition in the Administration of President Peña Nieto (2012-2018). As part of his responsibilities, he was appointed non-executive director of CFE and Pemex. He was the Chief Planning Officer and the Chief Technology Officer in the Mexican Energy Sector.

In 2005, Mr. Beltran joined Secretaria de Energia (SENER) as Director for International Negotiations, participating in high level meetings of the Energy Working Group of the Asia Pacific Economic Cooperation Mechanism (APEC), the International Energy Agency, the Conference of the Parties of the United Nations Framework Convention on Climate Change, the Carbon Sequestration Leadership Forum, the Security and Prosperity Partnership of North America, and in bilateral and multilateral negotiations with the governments of Australia, Canada, Denmark, Iceland, India, New Zealand, Spain, and United States of America.

Leonardo Beltran has been a consultant for the Inter-American Development Bank, the Latin American Energy Organization, the World Bank, and the United Nations Industrial Development Organization. Between 2017 and 2023 he served as a member of the Administrative Board of Sustainable Energy for All (SE4ALL), and in 2018 he joined the Board of Fundación por México. He has also been a member of the World Economic Forum's Council of the Future of Electricity (2014-2016) and the Council of the Future of Energy (2016-2018). Currently, he is a member of the Advisory Council of the Partnering to Accelerate Sustainable Energy Innovation Project and its group of experts. He is also chairing the Climate Investment Fund's Evaluation and Learning Advisory Group. Since 2018, he has been a Non-Resident Fellow at the Institute of the Americas.

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## About the Institute of the Americas

The [Institute of the Americas](#) is a non-partisan, independent nonprofit organization whose mission is to be a catalyst for promoting economic development and integration, emphasizing the role of the private sector, as a means to improve the economic and social well-being of the people of the Americas.

The Energy & Sustainability program has played a crucial thought-leadership role in shaping policy discourse and informing policymakers and investors on the most important trends in the energy sector. We focus on matters related to energy development, investment, natural resource use, and energy transformation in the Americas.



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